

# **Financing the Next Generation Air Transportation System FNGATS**

**Jerry Thompson**

May 2, 2005



# **Financing the Next Generation Air Transportation System**

- As you are aware, the Joint Planning and Development Office (JPDO) is developing a plan for the development, implementation and operation of a Next Generation Air Transportation System
- This will require the reallocation of existing resources and perhaps will require an increase in overall levels of funding to accomplish

# **Financing the Next Generation Air Transportation System**

- The Administrator is undertaking a number of actions to address FAA Funding and the Aviation Trust Fund.
- One of the action includes asking the FAA's Research Engineering, and Development Advisory Committee (REDAC) to examine the available options for funding research and development, capital projects, and operational costs of the Next Generation Air Transportation System.
- I am leading the REDAC task force called FNGATS.

# Objective

To Develop Options for Financing the Development, Implementation, and Operation of the NGATS

## Work Plan

- Estimate the costs associated with developing, implementing, and operating the NGATS,
- Investigate approaches to generate revenue including user taxes or fees as well as the a General Fund contribution
- Investigate whether financing is necessary and the options for doing so
- Develop a criteria for assessing funding and financing options.

## **We Are Soliciting Ideas From the Aviation Industry (1)**

- What are the opportunities available to substantially reduce the FAA's cost without sacrificing the maintenance or safety improvement, and also meeting the increasing demand for service?
- What is the appropriate ratio of costs that should be paid from general tax revenues, and by the systems users?

*Currently about 25% General Fund and about 75% Trust Fund.*

## **We Are Soliciting Ideas From the Aviation Industry (2)**

What financial mechanisms should be considered?

### Some examples include:

- The current trust fund,
- An industrial model in which private industry owns some of the infrastructure and sells ATC/ATM functionality to the FAA on a franchised fee for service basis; and
- Authority for the FAA to sell user-fee revenue backed bonds.

**We Need Your Ideas!**

**Gerald L. Thompson, Chairman**

Jerry Thompson & Associates, Inc.

The Castle

10 Post Office Road,

Forest Glen, Maryland 20910-1103

Phone: 301-565-8000

E-mail: [glt@jta-hq.com](mailto:glt@jta-hq.com)

